https://www.financial-planning.com/news/cfas-other-advisors-optimistic-about-ai-with-some-reservations

CFAs, other advisors optimistic about AI — with some reservations

By Rob Burgess
January 03, 2025, 3:47 p.m. EST

In a survey released in December by financial education firm and exam prep provider Kaplan Schweser, most surveyed chartered financial analysts (CFAs) said AI has affected their job in some way, and over two-thirds believe it will add value to their role in the future.

The "2024 CFA Program Survey," conducted in May 2024, probed 728 CFA Level I, II and III candidates and CFA charterholders from the U.S., Canada, U.K., Germany, Switzerland and France.

An earlier CFA Institute survey of 200 investment industry representatives on AI in investing showed more mixed results, with 68% reporting their firm's workforce seemed curious about AI, 60% saying the workforce seemed anxious about AI and 48% noting resistance to AI.

Professionals in the finance and wealth management industries say AI saves time and helps synthesize large amounts of data — but that technical and ethical limitations remain that won't be so easy to solve.

Many positive use cases in the workplace

Many CFA charterholders are in portfolio management and research roles, said Noah Damsky, principal at Marina Wealth Advisors in Los Angeles.

"Research analysts can spend the majority of their day reading reports and listening to conference calls, and part of these responsibilities have been impacted by AI," he said. "For example, I load quarterly conference call transcripts of my go-to stocks into AI to summarize how they describe economic indicators such as inflation. This was time-consuming work by an analyst before AI. Now, it's done in 30 seconds by software."

Michael Carbone, a financial advisor, CFA and CFP with Eppolito Financial Strategies at Raymond James in Chelmsford, Massachusetts, said AI has positively affected his job in many ways.

"For starters, it saves me a lot of time," he said. "I use it as a verification tool to confirm or double-check information, and to think through the logic behind more complex issues, draft explanations for complicated topics, summarize research articles, double-check math, identify biases in research or my thinking and much more."

Mike Kern, a CPA and founder of the cloud-based, free budgeting tool FreeBudget, said that although AI has not completely transformed his role it is

something he uses on an almost daily basis to help assist him in his day-to-day responsibilities.

"I use it most for assistance with improving emails and memos, large data analysis and modeling and research," he said. "It has had a material impact on my productivity and I look forward to learning how to use it more effectively in the future."

Joe Bautista, a financial planner at Bautista Planning and Analytics in Sandy, Oregon, said as a solo financial advisor, he is working on AI solutions to help speed up processes. He is currently using the Ollama LLM and Python to analyze and provide summaries of data sets. Part of his work involves basketball data, which he uses in his newsletter, "The Smart Play." Based on his data analytics and AI predictive summaries, he provides predictions on team scores and player categories.

"Working with this data is raising my skills in the AI space," he said. "I also show how valuable a betting line is so people can make informed guesses."

In his financial planning role, Bautista said he plans to use the LLM and data analytics to provide feedback on spending habits and retirement projections so clients can make more confident decisions about their money.

"Having a tool like this would save me a lot of time, allowing me to focus more on my clients' relationships and give better advice that is more tailored to a client's situation," he said. "I'm excited about AI's potential to give clients a better life and make me a better financial advisor."

Since he works for himself, Bautista said he wants his tools to increase productivity and scale up his business. He is currently working on a tool for tax planning that he plans to incorporate into his website.

"I studied economics and learned that tools can complement or substitute your skills, so I might as well figure out a way to make AI complementary to my skills because it's not going away," he said.

Innovation on AI comes with challenges, too

Damsky said AI has eliminated some of his most tedious work and saved time, but there are caveats.

"AI adds tons of value," he said. "While I think it can synthesize lots of data and conference calls quickly and efficiently, it has its limitations. I don't use it to do analysis because that's where it can be hit or miss, and I need consistency and reliable answers."

Carbone said AI adds "tremendous value" to his role, as long as he "recognizes its limitations and understands that it's ultimately just a model predicting the next word in a sentence."

"I think AI is revolutionary, but like with most technologies, it will also create challenges," he said. "For example, I believe AI will reshape labor markets, particularly over the long term. I can't see how it won't widen the skills gap in the workforce and lead to greater inequities. That doesn't mean it will do more harm than good, but I do think there will need to be intentional efforts to address permanent job displacement."

As far as his job is concerned, Carbone said he's not worried about being replaced.

"Overall, I think AI is a great thing," he said. "That said, I do believe AI will increase competitive pressures and require financial advisors to add more value to remain relevant. In my experience working with people and their money, I don't see the masses relying exclusively on machines for financial advice anytime soon."

Kern said he thinks AI will completely transform the accounting and finance industries in the next 10 years "and make a lot of white-collar jobs relatively obsolete as it improves."

"The only way to stay relevant is to be curious and excited for AI," he said. "I plan to heavily invest in using AI tools and learning for me and my team shortly."

Resisting AI is a recipe for disaster in the same way resisting the internet was toward the turn of the 21st century, said Kern.

"Unfortunately — or fortunately, depending on how you look at it — it is adapt or die in business, and firms and people who do not embrace AI will be left behind," he said.

Carbone said he is optimistic about AI as he has been adapting to it since day one, and has seen it improve substantially in a short amount of time.

"Still, I worry about what I don't understand," he said. "I'm unsure if even the experts training these models fully understand how they work."